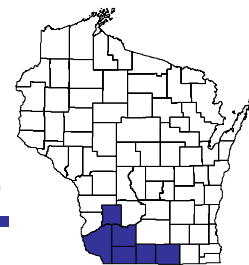


WORKFORCE OBSERVATIONS

for the Southwest Wisconsin counties
Grant, Green, Iowa, Lafayette, Richland, and Rock counties



published quarterly by the Office of Economic Advisors,
Wisconsin Department of Workforce Development

Fall 2005

Starting with this issue, The Workforce Observations publication will be published quarterly. This publication will review the region's labor market over the previous quarter as well as featuring contemporary economic and demographic topics. This quarters feature is population.

As always, if you have any questions, comments, or suggestions, please contact the analyst listed at the bottom left of this page.

In this issue:

- > Area population adds 10,869 residents
- > Rock County accounts for more than two-thirds of the area's births
- > Unemployment down in most counties
- > Non-metro Labor force declines

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Population Growth in the Southwest Region

Final 2005 population figures tabulated by the Wisconsin Department of Administration have recently been released and they showed that all six counties in Southwest Wisconsin gained population between the 2000 Census and the January 2005 population estimates. The pace, character, amount, and reasons for the growth varied widely within the six counties.

In total, the population increased by 9,006 in Southwest Wisconsin. Basically, there are two ways an area can increase its population; natural increase (more births than deaths) and net migration (more people moving into an area than out).

Natural increases in population accounted for 4,886 or 54 percent of the total population increase in Southwest Wisconsin. All six counties experienced some level of natural increase between 2000 and 2005. (See chart, page 2.) While all six counties re-

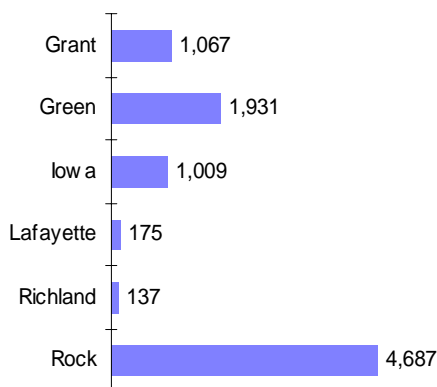
Five of six Southwest Wisconsin counties increased their population because of positive

Southwest Wisconsin Population		
	2000 Census	Jan 2005 estimate
Grant	49,597	50,664
Green	33,647	35,578
Iowa	22,780	23,789
Lafayette	16,137	16,312
Richland	17,924	18,061
Rock	152,307	156,994
Southwest	292,392	301,398
Wisconsin	5,363,715	5,580,757

Source: WI Dept. of Admin., Demographic Services Center

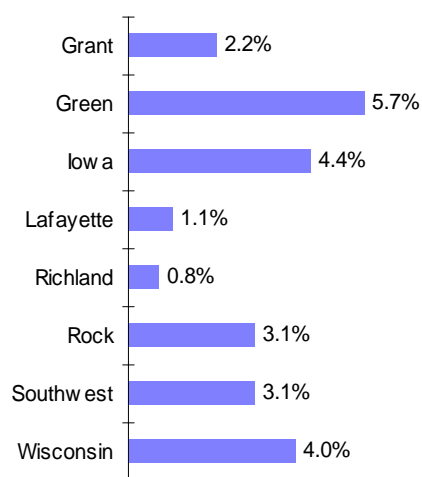
net migration. Lafayette County lost population due to migration patterns, as more people moved out of Lafayette County than

Number of people added



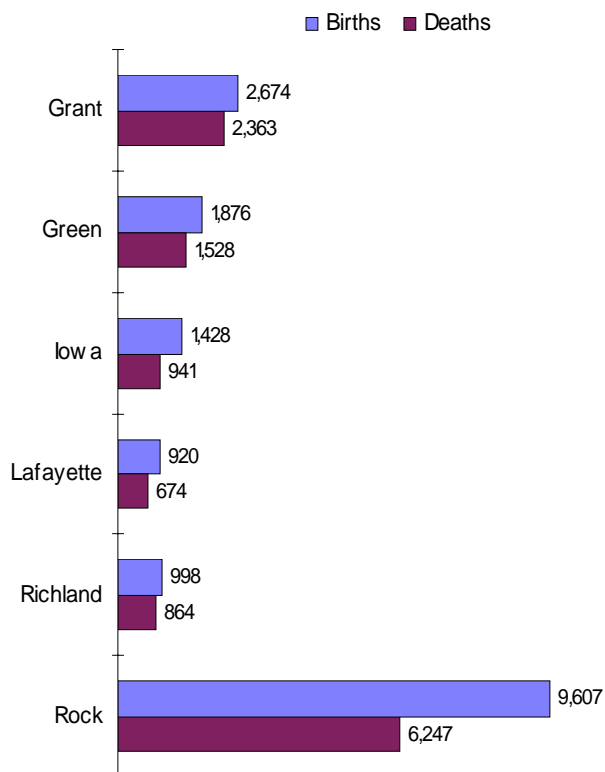
ported natural increases in population during this time period, it is Rock County that accounted for the lion's share of population increase due to natural causes. Rock County accounted for 69 percent (3,360) of the total natural increase in Southwest Wisconsin.

Growth rates

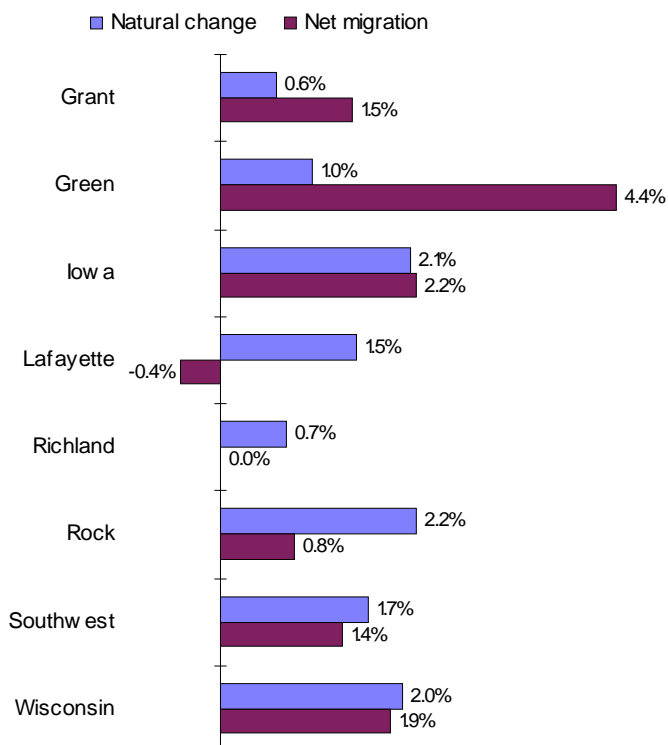


moved in during the last five years.

Births and Deaths 2000-2005



Population change components



As expected, the area county with the highest numerical increase in population was Rock County, increasing by 4,687 persons since the 2000 Census. The bulk of population growth in Rock County was the result of natural increases in population; Rock's net migration increases were modest by comparison.

Green County led the six counties in terms of population gained by positive net migration. Of Green County's total population increase of 1,931 residents better than 75 percent of that increase was due to in-migration. Increases in Green County's in-migration can be attributed to the county's proximity to the

rapidly increasing Madison labor market area. Much of the in-migration population increase in Green County has been located in the northern part of that county, the part closest to Dane County. Commuting patterns in Green County also show that many of the people that live in northern Green County work in Dane County.

Southwest Wisconsin Workforce Development Area - Quarterly Averages

Fall 2005	Grant	Green	Iowa	Lafayette	Richland	Rock	Region	Non MSA's *	Wisconsin
Civilian Labor Force**	27,000	19,400	14,400	8,700	10,000	86,100	165,600	79,500	3,062,400
Employed	26,000	18,600	13,900	8,400	9,700	80,900	157,500	76,600	2,931,600
Unemployed	990	810	480	310	340	5,200	8,100	2,900	130,800
Unemployment rate(%)	3.7%	4.2%	3.3%	3.6%	3.4%	6.0%	4.9%	3.7%	4.3%
Change from Summer 2005									
Civilian Labor Force**	-400	230	110	-30	-50	910	770	-140	10,000
Employed	-230	270	200	20	30	60	340	290	22,800
Unemployed	-170	-40	-90	-50	-80	850	420	-430	-12,800
Unemployment rate(%)	-0.6	-0.3	-0.6	-0.5	-0.8	0.9	0.2	-0.5	-0.4
Change from one year ago (Fall 2004)									
Civilian Labor Force**	-510	-60	60	-270	-220	1,090	90	-1,010	-27,100
Employed	-440	-120	-420	-250	-140	630	-280	-910	-19,300
Unemployed	-70	60	30	-30	-80	460	370	-90	-7,900
Unemployment rate(%)	-0.2	0.3	0.2	-0.2	-0.7	0.5	0.2	-0.1	-0.2

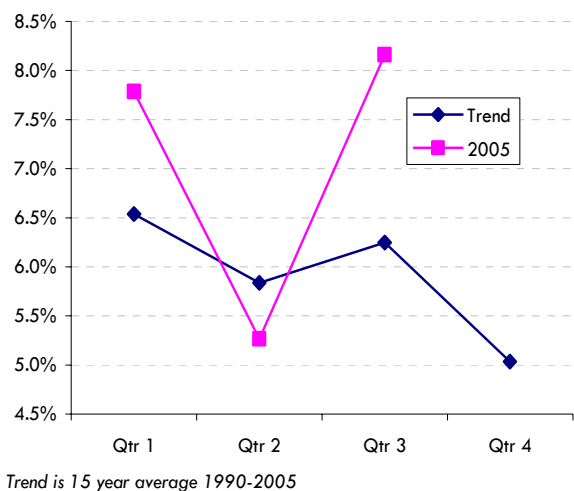
* Five counties, excluding Rock County ** Includes participants residing in area. Estimates are NOT seasonally adjusted. Current quarter estimates are preliminary. Totals may not add due to rounding. Calculations based on unrounded numbers.

No matter where you live in the United States, including Western Wisconsin, your life was/is impacted by hurricanes Katrina, Rita, and Wilma. The most obvious is the rippling effect in the rise in fuel costs.

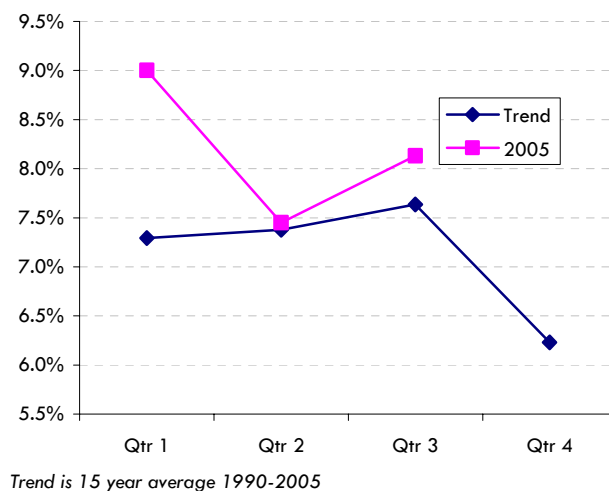
But as the gulf coast rebuilds in the south, this region may feel other consequences of the hurricanes as the need for construction materials, especially windows and doors, increases. Barge traffic up and down the Mississippi River has increased

recently, but still remains lower than average, because of the hurricanes. Corn and other commodity prices remain low, partly due to hurricane damage to port facilities on the gulf coast and disruptions to transportation and shipping. Some farmers are

Janesville city, WI Unemployment Rate



Beloit city, WI Unemployment Rate

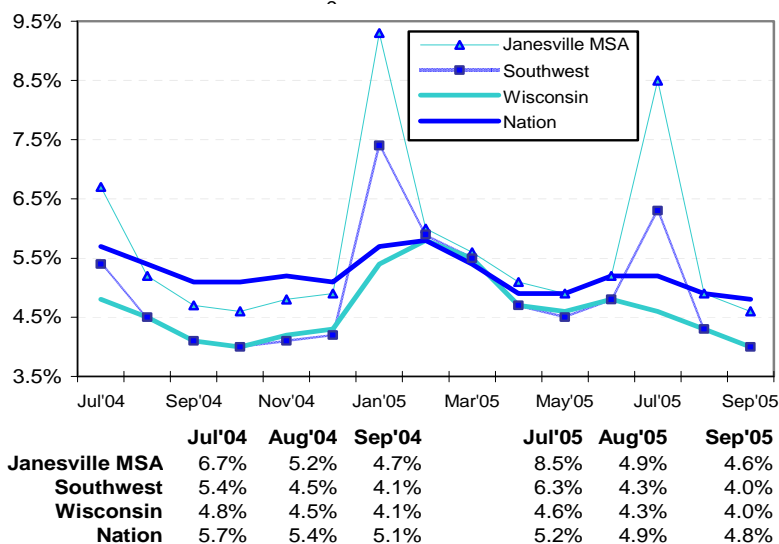


holding on to their crops, hoping for prices to increase soon.

The unemployment rate for Southwest Wisconsin moved downward during the third quarter of 2005 and in August and September the rate was lower than the rate for the same month twelve months earlier. In July 2005 the rate higher than the rate for July 2004 because of an abnormally high rate in Rock County, the result of inventory and line adjustment layoffs in the automotive industry. This anomaly in Rock County during July 2005 was high enough to raise the three-month quarterly average in Fall 2005 0.2 percentage points above the same average for 2004.

When one excludes Rock County from figures for Southwest Wisconsin, the quarterly unemployment rate declined. Driving the reduction in unemployment rate in the non-metropolitan counties is a declining labor force, less people actively seeking employment.

Unemployment Rates - July 2004 - September 2005



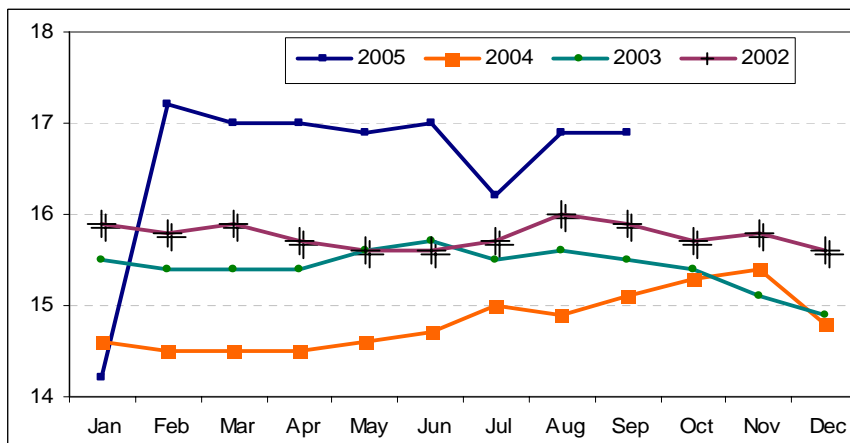
Not Seasonally Adjusted. Janesville MSA data includes all of Rock County

Quick look at Janesville MSA (Rock County) Manufacturing

The manufacturing industry in Rock County is showing signs of a rebound after 2004, it's lowest year of the new millennium so far.

The 2005 nine month average manufacturing employment level in Rock County is 16,500 - compared to a similar average computed for the first nine months of last year of 14,700. However, pre-2001 recessionary levels in manufacturing are still off in the distance. The 2000 nine month average manufacturing employment level in Rock County was 18,600. Changes in world-wide trade, market forces, and productivity gains will make it difficult for Rock County to reach pre-recessionary manufacturing employment levels for the foreseeable future.

Janesville MSA Manufacturing (in thousands)



WORKFORCE OBSERVATIONS BY THE OFFICE OF ECONOMIC ADVISORS

	Qtr 3 2005	Qtr 2 2005	Qtr 3 2004	Qtr 3 2005	Qtr 2 2005	Qtr 3 2004	Qtr 3 2005	Qtr 2 2005	Qtr 3 2004	
	Grant			Green			Lafayette			
Total Nonfarm jobs	18,300	18,800	18,300	14,100	14,000	14,000	3,400	3,400	3,400	
Const/Min'g/Nat. Resources	770	720	760	680	620	650	160	150	150	
Manufacturing	2,700	2,700	2,700	2,900	2,900	2,800	490	490	490	
Trade	2,700	2,700	2,700	2,900	2,700	2,900	730	710	690	
Transportation & Utilities	450	450	440	270	290	270	210	210	200	
Financial Activities	1,000	990	930	440	430	430	160	150	160	
Education & Health Services	2,500	2,500	2,500	2,200	2,200	2,200	230	220	220	
Leisure & Hospitality	1,600	1,580	1,620	1,270	1,220	1,240	270	250	260	
Info, Prof/Bus.Srv, Othr Srv.	2,200	2,200	2,200	1,620	1,560	1,580	250	260	270	
Total Government	4,300	4,900	4,500	1,830	2,100	1,840	890	990	1,000	
Federal	170	170	180	100	100	100	60	60	70	
State	1,560	1,810	1,730	40	40	40	40	40	40	
Local	2,600	3,000	2,600	1,700	1,930	1,690	780	890	890	
	Richland			Rock			Southwest *			Wisconsin **
Total Nonfarm jobs	6,300	6,400	6,300	70,400	71,000	68,600	123,700	124,700	121,900	2,849.1 2,840.4 2830.2
Const/Min'g/Nat. Resources	220	200	220	3,500	3,300	3,500	6,100	5,800	6,100	146.9 138.5 141.6
Manufacturing	1,830	1,840	1,850	16,700	17,000	15,000	25,200	25,500	23,600	508.4 502.4 509.1
Trade	1,110	1,130	1,110	12,400	12,100	12,100	25,800	25,100	25,300	433.5 430.1 434.4
Transportation & Utilities	130	140	130	3,000	3,000	3,000	4,300	4,300	4,300	108.0 108.8 107.6
Financial Activities	180	180	170	2,100	2,000	2,000	4,100	4,000	3,900	159.6 158.3 158.2
Education & Health Services	820	810	770	8,700	9,000	8,600	15,200	15,500	15,000	380.6 382.3 375.9
Leisure & Hospitality	480	470	470	6,300	6,200	6,500	10,800	10,600	11,000	273.6 260.0 269.6
Info, Prof/Bus.Srv, Othr Srv.	460	450	450	9,600	9,500	9,500	14,600	14,400	14,400	448.9 439.9 443.2
Total Government	1,040	1,130	1,090	8,200	8,800	8,400	17,700	19,400	18,200	389.7 420.2 390.6
Federal	70	60	60	300	300	300	790	790	810	29.3 29.2 29.7
State	120	160	170	400	470	400	2,200	2,600	2,500	98.4 101.9 98.8
Local	850	900	860	7,500	8,100	7,700	14,600	16,000	15,000	262.0 289.1 262.1

Department of
Workforce Development

Office of
Economic
Advisors

* Since neither the US DOL nor Wisconsin DWD produces monthly NFWS INDUSTRY estimates for Iowa County separate from the rest of the Madison MSA, there are no monthly or quarterly estimates of Iowa County to display. Annual industry employment estimates for Iowa County are available from the CEW (ES-202) data collection series. The NFWS estimates for the entire Southwest WDA presented here are based on interpolation and Delphi estimation methods. ** Wisconsin data in thousands. NFWS data in benchmarked to March 2005. Estimates are NOT seasonally adjusted. Current quarter estimates are preliminary. Totals may not add due to rounding. Calculations based on unrounded numbers.

The number of jobs with local employers reached 123,700 in third quarter of 2005 and is higher than in the same quarter one year ago even though there were fewer jobs than in the second quarter of this year. The drop in the number of jobs in third quarter occurs every year. The large number of workers with local school systems who are furloughed every spring out-numbers any increase in jobs from employers adding workers for the summer months.

All counties in the region experienced the reductions in school related employment, however the job gains from summer employment were strong enough in one of the counties in Southwest Wisconsin to offset the school-year employment losses. Leisure, hospitality, and trade employers contributed to Green County's increase in employment from the second quarter to the third quarter, providing enough employment to offset the losses in school-year employment. Four counties in Southwest Wisconsin lost total employment and

one county (Lafayette) reported no change in total employment from second quarter to third quarter 2005.

As previously alluded to, comparing the third quarter of 2005 to the third quarter of 2004 paints a different picture. Three of six Southwest Wisconsin Counties (Grant, Lafayette, & Richland) reported no net changes in industry employment compared to the same period of last year. Rock County posted an increase of 1,800 jobs compared to the third quarter of 2004. An increase in Rock County's manufacturing employment level accounts for much of this increase (see also bottom of page 3). Also increasing in Rock County was health services, trade, and miscellaneous employment.

Nationally

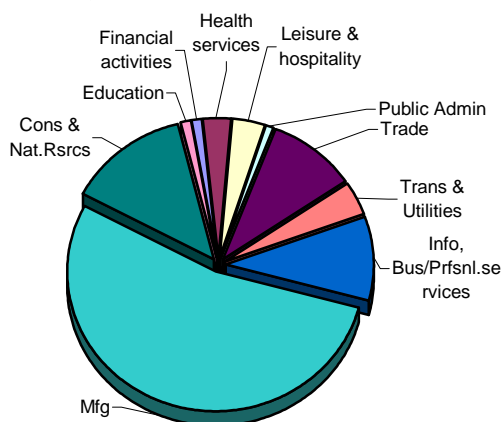
The nation's employers added 215,000 jobs in November 2005 according to the US Bureau of Labor Statistics (BLS). The November number, the biggest monthly increase since July, sug-

gested that employers are again hiring workers in response to a growing economy. However, four years after the recovery from the 2001 recession, job growth is still below the levels achieved in previous recoveries, and the unemployment rate has been stuck at or near 5 percent since June.

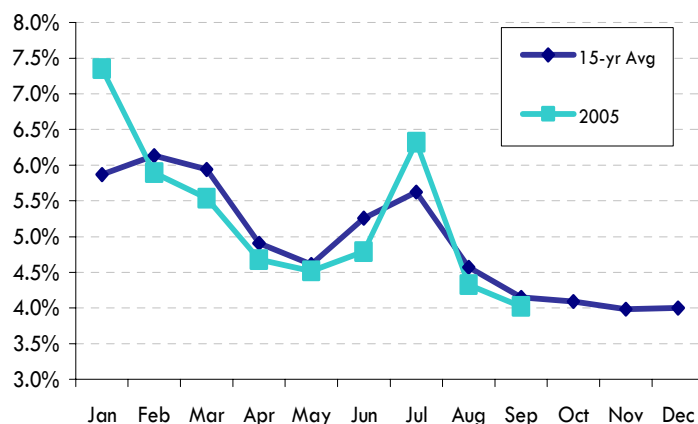
Nationally, for most of the last 2 years, wages of rank and file workers (about 80 percent of the workforce nationally) have been growing more slowly than inflation. Upper-income households have done better, but surging energy costs this year have dented their buying power as well. In the 12 months ending in November, the weekly pay of rank-and-file workers fell about 0.5 percent, after taking inflation into account, according to BLS.

Quarterly Economics Scorecard

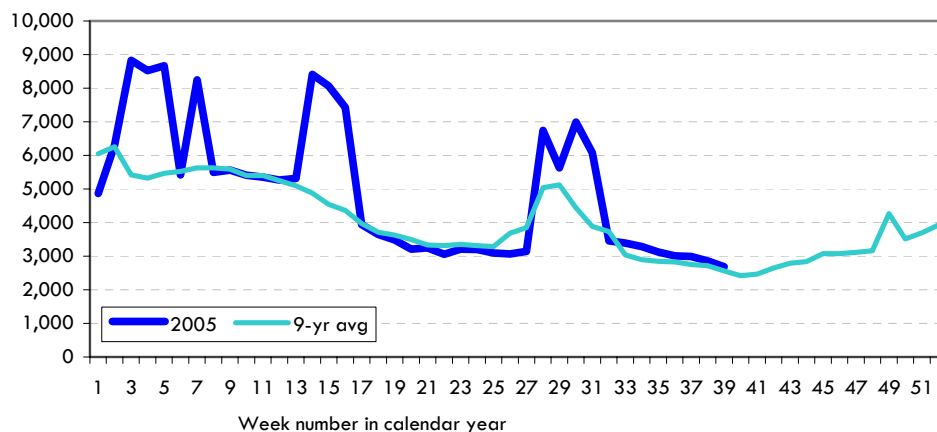
Initial Claims for Unemployment Benefits by Industry in Qtr 3 2005 in Southwest Wisconsin



SOUTHWEST WDA-11 Unemployment Rates



Southwest Wisconsin Weekly Claims for Unemployment Benefits

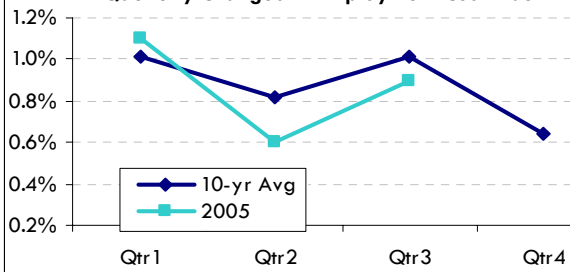


	Change over previous quarter				over yr
	Qtr 1 2005	Qtr 2 2005	Qtr 3 2005*	Qtr 4 2005	Qtr 3 2004
Consumer Price Index - All items					
United States	0.6%	1.3%	1.2%		3.8%
Midwest cities (50,000-1.5 million pop.)	0.5%	1.2%	1.6%		4.2%
Midwest cities (less than 50,000 pop.)	1.0%	1.5%	1.7%		4.7%
Employment Cost Index					
Civilian total compensation	1.1%	0.6%	0.9%		3.1%
Private industry total compensation	1.1%	0.7%	0.6%		3.0%
Local & state govt. total compensation	0.9%	0.3%	1.8%		3.7%
Civilian wages	0.7%	0.5%	0.8%		
Private wages	0.7%	0.6%	0.7%		
Local & state government wages	0.6%	0.2%	1.3%		
Civilian benefits	2.2%	0.7%	1.1%		
Private industry benefits	2.3%	0.8%	0.7%		
Local & state government benefits	1.4%	0.5%	3.0%		

Source: US Bureau of Labor Statistics

* current quarter

Quarterly Changes in Employment Cost Index



Quarterly Changes in Consumer Price Index

